



Appetit



Apetit Plc's Half-Year Report 1 January–30 June 2022

Apetit's comparable profitability was lower than last year – net sales grew, the sharp increase in costs posed challenges

April–June 2022, continuing operations*)

- In continuing operations, comparable net sales increased by 40 per cent to EUR 47.3 (33.8) million. EBITDA was EUR 0.4 (1.7) million. Operating profit was EUR -1.0 (0.4) million. The sharp increase in the prices of production inputs could not be fully transferred to sales prices.
- The net sales of Food Solutions were EUR 14.7 (14.0) million and operating profit EUR -0.4 (-0.1) million. Net sales increased especially in the food service channel.
- The net sales of Oilseed Products were EUR 32.8 (19.9) million and operating profit EUR -0.2 (0.9) million. Net sales were boosted by the significantly increased sales prices due to the higher price of the oilseed raw material.

January–June 2022, continuing operations*)

- In continuing operations, comparable net sales increased by 27 per cent to EUR 89.9 (70.9) million. EBITDA was EUR 1.5 (5.4) million. Operating profit was EUR -1.2 (2.8) million.
- The net sales of Food Solutions were EUR 31.9 (30.7) million and operating profit EUR 0.7 (1.5) million.
- The net sales of Oilseed Products were EUR 58.2 (40.4) million and operating profit EUR -0.8 (2.2) million. Sales volumes remained on a par with the comparison period.

April–June 2022, Group, incl. discontinued operations**)

- Net sales decreased by -5 per cent to EUR 64.9 (68.7) million. EBITDA was EUR 2.8 (0.3) million. Operating profit was EUR 1.2 (-1.2) million.
- The net sales of Grain Trade were EUR 21.9 (40.3) million and operating profit EUR 2.2 (-1.6) million.

January–June 2022, Group, incl. discontinued operations**)

- Net sales increased by 2 per cent to EUR 139.7 (136.4) million. EBITDA was EUR 4.6 (2.8) million. Operating profit was EUR 1.4 (-0.3) million.
- The net sales of Grain Trade were EUR 64.0 (76.2) million and operating profit EUR 2.6 (-3.1) million.

*) Apetit's continuing operations are Food Solutions and Oilseed Products. In addition, Apetit reports Group Functions, consisting of the expenses related to Group management, strategic projects and listing on the stock exchange, that are not allocated to the business segments.

**) Grain Trade is reported as a discontinued operation starting from the Q1/2022 Business Review. The divestment of the Estonian grain trade business to Scandagra was completed on 10 March 2022, and the divestment of the Lithuanian business was completed on 31 March 2022. The divestment of the Finnish operations of the Grain Trade business to Berner Ltd was completed on 31 May 2022.

The information in this report is unaudited. The figures in brackets refer to the corresponding period in 2021, and the comparison period means the corresponding period in the previous year, unless otherwise stated.

PROFIT GUIDANCE FOR 2022 UNCHANGED

The full-year operating profit from continuing operations is expected to decrease year-on-year (EUR 5.8 million in 2021).

KEY FIGURES

EUR million	4-6	4-6		1-6	1-6		1-12
	2022	2021		2022	2021		2021
Continuing operations							
Net sales	47.3	33.8	40 %	89.9	70.9	27 %	149.1
EBITDA	0.4	1.7		1.5	5.4		11.1
Operating profit	-1.0	0.4		-1.2	2.8		5.8
Share of profit of associated company Sucros	-0.1	-0.2		-0.4	-0.6		0.4
Profit for the period	-0.9	0.2		-1.4	1.8		5.3
Earnings per share, EUR	-0.14	0.04		-0.22	0.28		0.85
Investments				3.0	3.3		6.6
Group (incl. discontinued operations)							
Net sales	64.9	68.7	-5 %	139.7	136.4	2 %	283.9
EBITDA	2.8	0.3		4.6	2.8		9.2
Operating profit	1.2	-1.2		1.4	-0.3		2.8
Profit for the period	0.9	-1.2		0.6	-1.1		2.4
Earnings per share, EUR	0.14	-0.19		0.09	-0.17		0.38
Equity per share, EUR				14.68	14.48		14.95
ROCE-%				3.8	2.9		2.4
Working capital, end of period				22.1	25.5		50.5
Net cash flow from operating activities				17.8	24.4		5.0
Equity ratio, %				82.7	76.3		59.4
Net gearing, %				-4.8	3.1		26.6

Esa Mäki, CEO:

“The net sales of Apetit Group’s continuing operations increased significantly, but profitability was lower than in the comparison period. In Food Solutions, the main challenge from profitability’s perspective was inflation that affects production inputs. In Oilseed Products, significantly increased raw material and logistics costs reduced profitability. However, demand for products in both businesses remained high.

The increase in costs continued during the second quarter, and the sales price increases to be made are a response to cost inflation that has already been realised. In Food Solutions, customer price increases will enter into force gradually in late summer and in the autumn.

In Oilseed Products, the introduction of higher sales prices will be slower due to agreement structures and the more extensive customer base. There is very good demand for domestic rapeseed oil in all sales channels. The successfulness of the current cultivation when it comes to the availability and price of oilseed plant raw material is significant for our profitability.

According to recent surveys, an increasing number of consumers has changed their purchasing behaviour as the price of food has increased. Apetit’s products have a strong position in retail trade as the only Finnish option and market leader of frozen vegetable products, which contributes to safeguarding demand for our products also in the changed circumstances. Apetit’s products are of high quality and have competitive prices. They are also a good match with the prevailing food trends of easier daily life, domestic origin, well-being, plant-based food, and sustainability.

The construction of the pizza production line in Pudasjärvi started in May and proceeded as planned during the summer. The approximately EUR 2 million investment was completed in July, and commercial production on the new line started at the beginning of August. New pizzas will be available in shops’ frozen food sections in October. Our goal is to challenge our foreign competitors by baking pizzas with sourdough, using domestic raw materials as much as possible and ensuring the deliciousness with stonebaking.

In Säkylä, we have continued investments in production efficiency improvements. The reception of peas at the start of the production line started during the summer. For its part, this eliminates production bottlenecks and improves our opportunities to increase pea production capacity in the future.

The harvest expectations for field vegetables are hopeful. The hot weather in early summer did not continue too long for plants, and rainfall has been mainly even throughout the growing season in our cultivation areas. After a couple of weaker years, the pea harvest is also expected to be good. Cooler weather has also contributed to the more even development of peas, which is good for pea quality and the smoothness of production.

For oilseed plants, the conditions during the summer growing season have been generally favourable so far. In the Baltic countries, harvesting started on time, and in Finland, main harvesting will probably begin in September a little later than normally. The total cultivation area of rapeseed in Finland increased by approximately 12,000 hectares from the previous year, which contributes to improving the harvest volume forecast.

The divestment of Apetit’s Grain Trade business to Berner was completed at the end of May, and it allows us to focus on growing and developing our processing businesses, meaning the Food Solutions and Oilseed Products businesses. Apetit will continue to cooperate intensively with Berner in purchasing oilseed plant raw material and in increasing the oilseed plant cultivation area and harvest level together with farmers.

Apetit’s products promote sustainable eating in many ways. Baltic Sea Fish Patties, to be launched to professional kitchens in August, complement our local fish product selection. Like Baltic Sea Fish

Fingers, the product is made of Finnish skinless Baltic herring fillet. The fishing of Baltic herring removes eutrophication nutrients and algae from waterways. Sustainable food choices do matter!”

NET SALES AND PROFIT OF CONTINUING OPERATIONS

April–June

Net sales in the second quarter were EUR 47.3 (33.8) million. Operating profit was EUR -1.0 (0.4) million. The operating profit includes capitalisation of fixed costs arising from harvest-time production and a decrease in oilseed plant stocks in the amount of EUR -1.0 (-0.8) million.

The share of the profit of the associated company Sucros was EUR -0.1 (-0.2) million in April–June.

The profit before taxes was EUR -1.1 (0.3) million, and taxes on the profit for the period came to EUR 0.2 (-0.1) million. Profit for the period came to EUR -0.9 (0.2) million, and earnings per share amounted to EUR -0.14 (0.04).

January–June

Net sales in January–June amounted to EUR 89.9 (70.9) million. Operating profit was EUR -1.2 (2.8) million. The operating profit includes capitalisation of fixed costs arising from harvest-time production and a decrease in oilseed plant stocks in the amount of EUR -1.9 (-1.2) million.

The share of the profit of the associated company Sucros was EUR -0.4 (-0.6) million in January–June.

Financial income and expenses totalled EUR -0.0 (0.1) million.

The profit before taxes was EUR -1.6 (2.3) million, and taxes on the profit for the period came to EUR 0.2 (-0.5) million. Profit for the period came to EUR -1.4 (1.8) million, and earnings per share amounted to EUR -0.22 (0.28).

CASH FLOWS, FINANCING AND BALANCE SHEET

Apetit Group’s balance sheet position remained strong in terms of the equity ratio as well as liquidity.

The consolidated cash flow from operating activities amounted to EUR 17.8 (24.4) million in January–June. The impact of the change in working capital was EUR 15.7 (22.0) million. The effect of seasonality on the change in working capital is presented under the heading *Seasonality of operations*.

The net cash flow from investing activities includes the divestment of the Grain Trade business and the cash flow was EUR 13.4 (-3.3) million. The cash flow from financing activities came to EUR -30.8 (-16.7) million, which includes EUR -27.6 (-13.0) million in net loan repayments and EUR -2.5 (-3.1) million in dividend payments.

At the end of the period, the Group’s interest-bearing liabilities amounted to EUR 3.5 (8.3) million and liquid assets to EUR 7.9 (5.5) million. Net interest-bearing liabilities totalled EUR -4.4 (2.8) million.

The consolidated balance sheet total stood at EUR 110.8 (118.3) million. At the end of the review period, equity totalled EUR 91.6 (90.3) million. The equity ratio was 82.7 (76.3) per cent, and gearing was -4.8 (3.1) per cent. The Group’s liquidity is managed by committed credit facilities, fixed loans and a commercial paper programme. At the end of the period, the available credit facilities amounted to EUR 29 (29) million. The total of commercial papers issued stood at EUR 0.0 (3.0) million.

INVESTMENT

Investment by continuing operations in non-current assets came to EUR 3.0 (3.3) million in January–June. Investment was divided as follows: Food Solutions EUR 2.6 (1.0) million, Oilseed Products EUR 0.4 (2.2) million and Group Functions EUR 0.0 (0.1) million.

PERSONNEL

In January–June 2022, the continuing operations had 270 (271) employees in full-time equivalents. Apetit Group had 331 employees at the end of June. The number of employees at Apetit's Säskylä plant varies during the year based on the harvest seasons.

THE DIVESTMENT OF THE GRAIN TRADE BUSINESS

On 28 December 2021, Apetit announced that its subsidiary Avena Nordic Grain had agreed to sell the Baltic operations of its Grain Trade business to Scandagra Group. The agreement concerned the business operations of Avena's Estonian and Lithuanian companies.

The requirements for closing the sale of the Estonian company were fulfilled, and the transaction was completed on 10 March 2022. The requirements for closing the sale of the Lithuanian company were fulfilled, and the transaction was completed on 31 March 2022. Apetit also decided to close its Latvian company. The Latvian company primarily provided logistics support for wheat and oilseed plants sourced in Lithuania.

On 23 March 2022, Apetit announced it had agreed to sell its Grain Trade business to Berner Ltd. The sale of the Grain Trade business to Berner Ltd was completed on 31 May 2022. The transaction includes Avena's Finnish grain trade business, as well as its grain stocks and port operations in Finland.

The agreed acquisition price was about EUR 4 million added by the value of the transferring inventory. Gains on sale after income tax was EUR 1.9 million.

STRATEGY

Strategy period 2020–2022

A key feature of Apetit's strategy is strengthening the existing unique value chain that has a strong foundation in Finnish primary production. The operations of the strategy period aim towards the objective of building Apetit into a successful Finnish company focusing on plant-based food products.

The strategy specifies five strategic focus areas for Apetit Group:

Optimising core business functions

We will improve process efficiency in all of our operations. We will scale our operations in relation to the company's existing size. We will improve resource efficiency through partnerships. We will develop our trading ability in the grain trade.

Strong foothold in Sweden

We will strengthen the Swedish market as the primary focus area of food exports. We will ensure and deepen our existing customer relationships and also build new customer relationships. We will develop and expand our market-specific product portfolio. We will build appropriate partnerships for other selected markets.

Growth from plant-based added value products

We will increase the sales of our existing product portfolio and expand our customer base. We will expand to new product segments. We will strengthen our commercial position in the food service channel. We will create a model for the commercialisation of the rapeseed protein ingredient.

Developing farming partnerships

Food Solutions: We will expand contract farming in pea and possible new plants. We will improve the preconditions for farming by developing cultivation measures, soil fertility and plant protection measures, among other things. We will make use of new opportunities, such as carbon farming.

Oilseed Products: We will deepen our contract farming model to ensure the availability of Finnish raw materials.

Grain Trade: We will become the farmer's primary partner by developing logistics solutions and utilising selected partnerships.*

Sustainable actions

We will promote cultivation development and implement new sustainable cultivation methods. We will provide new diverse alternatives to increase plant-based and sustainable eating. We will make sustainability an even more intertwined part of all of our operations. We will decrease the Group's environmental and climate impacts in accordance with set objectives.

Financial objectives

EBITDA will be EUR 14 million in 2022 (continuing operations in 2019 EUR 0.8 million)

Return on capital employed (ROCE %) > 8% (2019: -4.0%)

The realisation of set strategic objectives is based on regular harvest development and systematic execution of strategic measures. The company is open to corporate transactions that are in line with its strategy.

*The sale of the Grain Trade business to Berner Ltd was completed on 31 May 2022.

OPERATING ENVIRONMENT

Factors affecting demand

The retail sales of food were still at a high level. Grocery sales increased by 1.1 per cent in January–June. In the retail segment, the frozen foods category (excluding ice cream products) grew by 4.0 per cent in Finland during the first half of the year. Wholesale food service sales increased by 22.4 per cent in January–June. The share of total sales represented by domestic rapeseed oil has remained high.

General food-related trends that are gaining strength include consumer consciousness of quality and sustainability as well as valuing domestic products, which has boosted the demand for Finnish branded products. Consumers also value products that help make meals quick, easy, diverse and healthy. Interest in comprehensive well-being is also continuing to grow. Apetit's product portfolio is based on plant- and fish-based products that make daily life easier and increase well-being, and the demand for these products is expected to grow further.

Impacts on business of the war in Ukraine

The war in Ukraine has an indirect impact on Apetit's business through the higher prices of energy, raw materials and packaging materials. Apetit does not have operations in Ukraine, Russia or Belarus.

Apetit also does not export food products or raw materials to these countries. Certain ingredients used in food production, such as spices, have previously been sourced from Russia, but alternative suppliers have been found for these ingredients. The events in Ukraine create uncertainty and exceptional volatility in the prices of raw materials and products in the oilseed plant business. Logistics chains for raw and packaging materials may also be disrupted by the war. The potential business effects of sanctions are actively monitored.

Impacts of the COVID-19 pandemic on Apetit's businesses

In Apetit Group, the impacts of the COVID-19 pandemic vary by business. Thanks to its proactive and systematic approach, Apetit has been able to maintain normal operations throughout the pandemic.

Food Solutions

The COVID-19 pandemic has affected the Food Solutions business the most. During the pandemic, food consumption shifted to people's homes, which increased the sales of meal components that make cooking easier. The pandemic-related increase in demand has become a permanent phenomenon, at least partially, and consequently, the demand for frozen food products remains high.

In the food service sector, demand has almost returned to the pre-pandemic level.

Oilseed Products

In the Oilseed Products business, the demand for vegetable oils has grown particularly in the retail segment and still remains at a high level.

SUSTAINABLE VALUE CHAIN

Apetit's corporate responsibility is based on sustainable food choices: Through its operations, Apetit wants to contribute to a food supply chain that supports the well-being of people and the environment. Apetit's products are based on domestic ingredients, vegetables and local fish.

In its corporate responsibility programme published in March 2021, Apetit made commitments including a 75 per cent reduction in emissions from its own operations* and transitioning to 100 per cent recyclable packaging materials**.

Apetit engages in and develops sustainable business in accordance with the objectives specified in the corporate responsibility programme. The key measures taken to support sustainable business are as follows:

New energy solutions

In spring 2022, Apetit announced that it would renew the energy solution of its Säkylä frozen foods plant. The new energy solution will increase the share of renewable energy used at the plant to about 70 per cent and significantly improve energy efficiency through heat recovery. Previously, Säkylä's energy solution has been based on fossil fuels. The new solution will reduce the annual CO₂ emissions of the Säkylä plant by up to 80 per cent. The new energy solution is scheduled to be deployed in the second quarter of 2023. The project is currently at the planning stage.

Previously, Apetit built a bioenergy plant at the Kirkkonummi vegetable oil milling plant. The bioenergy plant was commissioned in autumn 2021. It replaced the earlier energy solution that used non-renewable fuels and significantly reduced the Group's CO₂ emissions.

Promotion of soil fertility

Apetit participates in several projects which study carbon sequestration in soil and develop soil fertility improvement measures. Research, development and practical implementation of measures related to carbon farming and soil fertility are carried out at Apetit's Råpi experimental farm and on the fields of contract growers. The improvement of natural soil fertility aims not only at carbon sequestration but also at the reduction of nutrient runoffs.

Sustainable packaging solutions

As part of the long-term development of packaging solutions, Apetit is committed to increasing the recyclability of packaging, improving the clarity of recycling indications and instructions on packaging as well as choosing materials manufactured from renewable natural resources where possible.

Utilisation of side streams

Side streams from harvest season production, such as peeling waste and plant material discarded during quality assurance processes, are delivered for use as bioenergy raw material. In Säkylä's new energy solution, to be commissioned in 2023, the steam required for production will be produced partly with biogas, with the Säkylä plant's side streams used as the raw material for the biogas. Production side streams from the Kirkkonummi oil milling plant can be used to a large extent as fuel in the company's own bioenergy plant.

Products made from domestic lakefish

Apetit's product family based on domestic local fish has established its position on Finnish consumers' dinner tables. Research has shown that local fish products help curb eutrophication and have a moderate carbon footprint. The products in this product family include domestic freshwater fish fingers and fish patties as well as Baltic Sea Fish Fingers. This autumn's new product, Baltic Sea Fish Patties, will be launched to professional kitchens in August and to consumers in October.

Improving material efficiency

At the beginning of 2020, Apetit joined the food industry's material efficiency commitment (2020–2022) with goals such as improving the efficiency of the use of raw materials, reducing the volumes of mixed waste and cutting back on water consumption. By enhancing material efficiency, Apetit seeks to improve the efficiency of its production operations as well as profitability. A material review was conducted at the Säkylä production facility in late 2020. Material efficiency actions and investments have managed to reduce water and energy consumption and increase the efficiency of the use of raw materials.

Electricity from wind power

All of the electricity used by Apetit Group's production facilities has been generated from renewable energy sources starting from 1 April 2020. Apetit's production facilities run exclusively on wind power. Following the adoption of wind power and the commissioning of the Kantvik bioenergy plant, Apetit Group's own CO₂ emissions have decreased by 56 per cent from the comparison year 2019.

*Includes Scope 1 and Scope 2 emissions in accordance with the GHG Protocol.

**Includes the packaging materials of Apetit products sold through retail channels.

SEASONALITY OF OPERATIONS

In accordance with the IAS 2 standard, the historical cost of inventories includes a systematically allocated portion of the fixed production overheads. With production focusing on harvest time, raw materials are mainly processed into finished products during the second half of the year. This means that more fixed production overheads are recognised on the balance sheet in the second half of the year than during the first half of the year. Due to this accounting practice, most of the Group's annual

profit is accrued during the second half of the year. The seasonal nature of profit accumulation is most marked in the Food Solutions segment and in the associated company Sucros, where production reflects the crop harvesting season.

Harvesting seasons also cause seasonal variation in the amount of working capital tied up in operations. Working capital tied up in the Oilseed Products segment is at its highest towards the end of the year and decreases to its lowest in the summer before the next harvest season. As production in the Food Solutions segment is also seasonal and follows the harvest period, the working capital tied up in operations is at its highest around the turn of the year in that segment.

OVERVIEW OF OPERATING SEGMENTS



Food Solutions

Frozen vegetable products and frozen ready meals

EUR million	4–6 2022	4–6 2021	Change	1–6 2022	1–6 2021	Change	1–12 2021
Net sales	14.7	14.0	5%	31.9	30.7	4%	61.5
EBITDA	0.5	0.8		2.4	3.2		9.2
Operating profit	-0.4	-0.1		0.7	1.5		5.9

Financial and operational performance in April–June

Net sales grew and amounted to EUR 14.7 (14.0) million in April–June. In the food service channel, the sales of frozen products have increased significantly, and the retail sales of frozen products have continued to be strong. In the retail segment, the sales of frozen food and frozen vegetable products are seasonally lower in the summer months than at other times of the year.

Operating profit was EUR -0.4 (-0.1) million. For profitability, the main challenge has been inflation that affects production inputs, and the increase in their prices will be transferred to sales prices in late summer and in the autumn, depending on pricing periods. Production shutdown carried out in May in preparation for the pizza production line investment in Pudasjärvi caused some inefficiency in production.

Summary of January–June

The net sales of Food Solutions increased somewhat. However, profitability declined, and operating profit was EUR 0.7 (1.5) million.

Food exports accounted for 8 per cent of net sales (1–6/2021: 8%) and were mainly targeted at Sweden, Italy and the United Kingdom.

The Food Solutions segment's investments totalled EUR 2.6 (1.0) million and were mainly associated with production efficiency improvements in the reception of peas at the start of the production line in the Säkylä frozen foods plant as well as the pizza production line investment in Pudasjärvi.

Operating environment

The harvest expectations for field vegetables are hopeful. The hot weather in early summer did not continue too long for plants, and rainfall has been even throughout the growing season. After a couple of weaker years, the pea harvest is also expected to be good. Cooler weather has also contributed to the more even development of peas, which is good for pea quality and the smoothness of production.

In the retail segment, the frozen foods category* (excluding ice cream products) grew by 4 per cent year-on-year in Finland. Wholesale food service sales** increased by 22.4 per cent in January–June. In June, wholesale food service sales** grew by 12.3 per cent compared to June of last year.

*Source: Nielsen Homescan Finland

**Source: Finnish Grocery Trade Association (PTY)



Oilseed Products

Vegetable oils and rapeseed expeller

EUR million	4–6 2022	4–6 2021	Change	1–6 2022	1–6 2021	Change	1–12 2021
Net sales	32.8	19.9	65%	58.2	40.4	44%	88.1
EBITDA	0.2	1.2		-0.0	2.8		3.4
Operating profit	-0.2	0.9		-0.8	2.2		2.0

Financial and operational performance in April–June

Net sales grew substantially in April–June and amounted to EUR 32.8 (19.9) million. Net sales were boosted mainly by higher market prices. Sales volumes increased from the comparison period. The main export markets were Norway and Sweden, with exports representing 20 per cent of net sales.

Operating profit was EUR -0.2 (0.9) million. Significantly increased raw material and logistics costs reduced the refining margin and profitability. The sharp increases in prices have not been fully transferred to the sales prices of end products.

Summary of January–June

The net sales of Oilseed Products increased clearly from the comparison period and totalled EUR 58.2 (40.4) million. Net sales were boosted by higher market prices, and sales volumes were on a par with the comparison period. Operating profit was EUR -0.8 (2.2) million.

Apetit Vegetable Ball, the first commercial product containing rapeseed ingredient BlackGrain, was launched to professional kitchens at the beginning of the year. The majority of the small-scale production that was started in the autumn last year is delivered for production testing by customers as well as Apetit's own product development. Measures to start production on the commercial scale are under way.

Investment for the period totalled EUR 0.4 (2.2) million.

Operating environment

According to the Natural Resources Institute Finland's preliminary statistics, the total cultivation area of rapeseed in this growing season is 43,000 hectares, with the share of *Brassica rapa* being 33,500 hectares and that of *Brassica napus* 9,500 hectares. As a whole, this is an increase of approximately 13 per cent when compared to the previous year (2021). A record-breaking amount of winter rapeseed was sown in the autumn, roughly 10,000 hectares. However, winter damage was extensive and approximately 80 per cent of the winter oilseed plants sown were lost during the winter.

The average total rapeseed cultivation area in the past five years (2017–2021) in Finland has been 45,580 hectares. The conditions during the summer growing season have been favourable so far. The re-sowing to replace winter damage was carried out relatively late, even at the beginning of June. This, for its part, delays the harvest and increases harvest-related risk.

Lately, the share of total sales represented by domestic rapeseed oil has remained high. Towards the end of the review period, the demand for vegetable oil in the food service channel returned to the pre-pandemic level.

Group Functions

EUR million	4–6 2022	4–6 2021	Change	1–6 2022	1–6 2021	Change	1–12 2021
Net sales	-	-		-	-		-
EBITDA	-0.3	-0.3		-0.8	-0.6		-1.5
Operating profit	-0.5	-0.5		-1.1	-0.9		-2.2

Group Functions, consisting of the expenses related to Group management, strategic projects and listing on the stock exchange, are reported as expenses that are not allocated to the business segments.

DISCONTINUED OPERATIONS



Grain Trade

Finnish and international trade in grains, oilseeds, pulses and raw materials for animal feed

EUR million	4–6 2022	4–6 2021	Change	1–6 2022	1–6 2021	Change	1–12 2021
Net sales	21.9	40.3	-46%	64.0	76.2	-16%	164.5
EBITDA	2.3	-1.4		2.9	-2.6		-2.0
Operating profit	2.2	-1.6		2.6	-3.1		-3.0

Financial and operational performance in April–June

Net sales in April–June were EUR 21.9 (40.3) million. Operating profit was EUR 2.2 (-1.6) million.

The sale of the Grain Trade business to Berner Ltd was completed on 31 May 2022. Operating profit includes EUR 2.3 million in gains on sale.

Summary of January–June

Net sales amounted to EUR 64.0 (76.2) million. Operating profit was EUR 2.6 (-3.1) million. Operating profit includes EUR 2.3 million in gains on sale resulting from the sale of the Baltic and Finnish business operations.

Investment in the Grain Trade business totalled EUR 0.0 (0.1) million.

CORPORATE GOVERNANCE

Corporate Governance Statement and Remuneration Statement

Apetit's Corporate Governance Statement and Remuneration Report were published on 10 March 2022 in connection with the publication of the Annual Report. The statement and report are available on Apetit's website.

Annual General Meeting 2022

Apetit Plc's Annual General Meeting was held in Säskylä on 5 May 2022. The Annual General Meeting adopted the parent company's financial statements and the consolidated financial statements, and discharged the members of the Supervisory Board, the Board of Directors and the CEO from liability for the financial year 2021.

Decisions of the Annual General Meeting 2022

Dividend distribution

In line with the Board of Directors' proposal, the AGM resolved that a dividend of EUR 0.40 per share be paid for the financial year 2021. The dividend will be paid to shareholders who are registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date of 9 May 2022. The dividend is paid from 16 May 2022 onwards. No dividend will be paid on shares held by the company.

Election of the Supervisory Board, the Nomination Committee of the Supervisory Board and the auditors and deciding on their fees

In line with the shareholders' proposal, it was confirmed that the Supervisory Board will have 14 members elected by the Annual General Meeting. Two persons were elected to replace members of the Supervisory Board completing their term. Pekka Perälä was re-elected. Tommi Mäkelä was elected as a new member of the Supervisory Board.

In line with the shareholders' proposal, Pekka Perälä and Henrika Vikman were elected as the members of the Nomination Committee of the Supervisory Board.

In line with the Board of Directors' proposal, Ernst & Young Oy, Authorised Public Accountants, with Erika Grönlund, APA, as the auditor with principal responsibility and Osmo Valovirta, APA, were elected as the company's auditors. The auditors were elected for the period ending at the close of the 2023 AGM.

In line with the shareholders' proposals, the AGM decided that a monthly fee of EUR 1,000 be paid to the Chair of the Supervisory Board and EUR 665 to the Deputy Chair. The AGM decided that the meeting allowance paid to the members of the Supervisory Board and the members of the Nomination Committee of the Supervisory Board would be EUR 300. Compensation for travelling expenses will be paid in accordance with the general travel rules of Apetit Plc. The AGM decided that the auditors' fees be paid according to an invoice approved by the company.

Authorising the Board of Directors to decide on the repurchase of the company's own shares

In line with the Board of Directors' proposal, the AGM decided to authorise the Board of Directors to decide on the repurchase of a maximum of 80,000 (eighty thousand) of the company's own shares using the unrestricted equity of the company representing approximately 1.27 per cent of all of the

shares in the company. The authorisation includes the right to accept the company's own shares as a pledge.

The authorisation is valid until the close of the Annual General Meeting 2023, but no longer than until 31 May 2023. The authorisation replaces the share repurchase authorisation given in the AGM of 28 May 2021.

Authorising the Board of Directors to decide on the issuing of new shares and on the transfer of Apetit Plc shares held by the company (share issue)

In line with the Board of Directors' proposal, the AGM decided to authorise the Board of Directors to decide on issuing new shares as follows: based on the authorisation, a total maximum of 600,000 (six hundred thousand) shares can be issued, which corresponds to approximately 9.5 per cent of all shares of the company at this time. Both new shares and shares held by the company may be issued based on the authorisation.

The authorisation is valid until the close of the Annual General Meeting 2024, but no longer than until 31 May 2024. The authorisation replaces the share issue authorisation given in the AGM of 28 May 2021.

Shareholder's proposal to amend the Articles of Association

The AGM rejected the shareholder's proposal to amend the Articles of Association.

SHARES AND SHARE OWNERSHIP

Shares, share capital and trading

The shares of Apetit Plc are all in one series. All shares carry the same voting and dividend rights. The Articles of Association specify that the number of votes a shareholder is entitled to exercise cannot exceed one tenth of the votes represented at a general meeting. The nominal value of each of the company's shares is EUR 2. At both the beginning and the end of the review period, the total number of shares issued by the company stood at 6,317,576, and the registered share capital totalled EUR 12,635,152. The minimum amount of share capital is EUR 10 million, and the maximum amount is EUR 40 million.

Treasury shares

At the end of the review period, the company held a total of 77,668 treasury shares acquired during previous years. These treasury shares represent 1.2 per cent of the company's total number of shares and votes. The company's treasury shares carry no voting or dividend rights.

Share price and trading

The number of Apetit Plc shares traded on the stock exchange during the review period was 317,291 (753,037), representing 5.0 (11.9) per cent of the total number of shares. The highest share price quoted was EUR 13.90 (14.90) and the lowest was EUR 9.64 (10.70). The average price of shares traded was EUR 11.31 (13.05). The share turnover for the period was EUR 3.6 (9.8) million. At the end of the review period, the market capitalisation was EUR 61.9 (83.1) million.

Managers' transactions

Apetit's managers' transactions related to Apetit's securities during the review period have been published as stock exchange releases and can be read on the company's website.

SHORT-TERM RISKS AND UNCERTAINTIES

The most significant short-term risks for Apetit Group are related to the management of raw material price changes, the availability of raw materials, the harvest quality and quantity of grain, oilseed plants and field vegetables, the functioning of the financing markets, the solvency of customers as well as consumer purchasing power, the delivery performance of suppliers and service providers, and changes in the Group's business areas and customer relationships.

MATERIAL EVENTS AFTER THE END OF THE REVIEW PERIOD

The Group had no material events after the end of the review period.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-6/2022	1-6/2021	1-12/2021
PROFIT/LOSS FOR THE PERIOD	0.6	-1.1	2.4
Adjustments to cash flow from operating activities	1.9	3.8	7.0
Working capital changes	15.7	22.0	-3.7
Interest paid	-0.2	-0.1	-0.3
Interest received	0.0	0.0	0.0
Other financial items from business operations	-0.1	-0.1	-0.2
Income taxes paid	-0.1	-0.1	-0.2
Net cash from operating activities	17.8	24.4	5.0
Purchase of tangible and intangible assets	-3.0	-3.4	-6.6
Proceeds from sale of tangible and intangible assets	0.0	0.1	0.1
Purchase of investments	-0.0	-	-
Proceeds from sales of business operations	16.4	0.0	0.0
Dividends received	0.0	-	0.2
Net cash used in investing activities	13.4	-3.3	-6.3
Proceeds from sale of treasury shares	-	0.1	0.1
Addition / deduction of current borrowings	-27.6	-13.0	12.1
Payment of lease liabilities	-0.7	-0.7	-1.4
Dividends paid	-2.5	-3.1	-3.1
Net cash used in financing activities	-30.8	-16.7	7.7
Net change in cash and cash equivalents	0.4	4.4	6.4
Cash and cash equivalents at the beginning of the period	7.5	1.1	1.1
Cash and cash equivalents at the end of the period	7.9	5.5	7.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30.6.2022	30.6.2021	31.12.2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	1.3	2.4	1.8
Goodwill	0.4	0.4	0.4
Property, plant, equipment	37.9	37.1	38.2
Right-of-use assets	1.9	4.2	3.0
Shares in associated companies	19.6	19.1	19.9
Other non-current financial assets	0.3	0.3	0.3
Non-current trade and other receivables	0.0	0.0	0.0
Deferred tax assets	4.0	4.5	4.2
NON-CURRENT ASSETS	65.5	68.0	68.0
CURRENT ASSETS			
Inventories	26.5	31.3	70.8
Trade receivables and other receivables	10.9	13.5	10.8
Cash and cash equivalents	7.9	5.5	7.5
CURRENT ASSETS	45.3	50.3	89.1
Non-current assets held for sale	-	-	0.1
ASSETS	110.8	118.3	157.1
	30.6.2022	30.6.2021	31.12.2021
EQUITY AND LIABILITIES			
Owners of the parent company	91.6	90.3	93.3
EQUITY	91.6	90.3	93.3
NON-CURRENT LIABILITIES			
Deferred tax liabilities	0.1	0.0	0.1
Non-current liabilities, interest-bearing	1.1	3.1	1.8
Non-current interest-free liabilities	-	0.2	0.1
Liabilities from defined benefit plan	0.2	0.2	0.2
NON-CURRENT LIABILITIES	1.4	3.4	2.3
CURRENT LIABILITIES			
Current interest-bearing liabilities	2.4	5.3	30.5
Trade Payables and Other Liabilities	15.4	19.3	31.1
CURRENT LIABILITIES	17.7	24.6	61.5
LIABILITIES	19.1	28.0	63.8
EQUITY AND LIABILITIES	110.8	118.3	157.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
 B = Share premium
 C = Treasury shares
 D = Invested non-restricted equity capital
 E = Fair value reserve
 F = Other reserves
 G = Translation differences
 H = Retained earnings
 I = Total equity

1-6/2022

EUR million	A	B	C	D	E	F	G	H	I
Equity 1.1.	12.6	23.4	-1.2	0.1	-1.0	7.2	-0.0	52.1	93.3
Profit/loss for the period	-	-	-	-	-	-	-	0.6	0.6
Cash flow hedges	-	-	-	-	0.2	-	-	-	0.2
Translation differences	-0.0	-	-	-	-	-	0.0	-0.0	-0.0
Comprehensive income	-0.0	-	-	-	0.2	-	0.0	0.6	0.8
Dividend distribution	-	-	-	-	-	-	-	-2.5	-2.5
Share-based payments	-	-	-	-	-	-	-	0.0	0.0
Other changes	0.0	-	0.0	-	-	-	-	-0.0	0.0
Muutokset yhteensä	-0.0	-	0.0	-	0.2	-	0.0	-1.9	-1.7
Equity 30.6.	12.6	23.4	-1.1	0.1	-0.8	7.2	-0.0	50.2	91.6

1-6/2021

EUR million	A	B	C	D	E	F	G	H	I
Equity 1.1.	12.6	23.4	-1.3	-	0.1	7.2	-0.0	53.0	95.0
Profit/loss for the period	-	-	-	-	-	-	-	-1.1	-1.1
Cash flow hedges	-	-	-	-	-0.7	-	-	-	-0.7
Translation differences	-0.0	-	-	-	-	-	0.0	0.0	0.0
Comprehensive income	-0.0	-	-	-	-0.7	-	0.0	-1.1	-1.8
Dividend distribution	-	-	-	-	-	-	-	-3.1	-3.1
Other changes	0.0	-	0.1	-	-	-	-	0.1	0.1
Changes in equity total	-0.0	-	0.1	-	-0.7	-	0.0	-4.1	-4.7
Equity 30.6.	12.6	23.4	-1.2	-	-0.5	7.2	-0.0	48.8	90.3

ACCOUNTING PRINCIPLES

The half year report has been prepared in accordance with the IAS 34-standard (Interim Financial Reporting). The accounting policies adopted are consistent with those described in the annual financial statements for 2021.

SEGMENT INFORMATION

A = Food solutions
 B = Oilseed products
 C = Group Functions
 D = Continuing Operations
 E = Discontinued Operations
 F = Apetit Group

1-6/2022

EUR million

	A	B	C	D	E	F
Segment net sales	31.9	58.2	-	90.1	64.0	154.1
Intra-group net sales	-0.0	-0.3	-	-0.3	-14.2	-14.4
Net sales	31.9	57.9	-	89.9	49.8	139.7
Operating profit	0.7	-0.8	-1.1	-1.2	2.6	1.4
Gross investments in non-current assets	2.6	0.4	0.0	3.0	-	3.0
Business acquisitions and other investments	-	-	0.0	0.0	-	0.0
Depreciation and amortisation	-1.6	-0.8	-0.3	-2.7	-0.4	-3.1
Impairment	-	-	-	-	0.1	0.1
Personnel, FTE	215	44	12	270	30	300

1-6/2021

EUR million

	A	B	C	D	E	F
Segment net sales	30.7	40.4	-	71.1	76.2	147.2
Intra-group net sales	-	-0.2	-	-0.2	-10.6	-10.8
Net sales	30.7	40.3	-	70.9	65.5	136.4
Operating profit	1.5	2.2	-0.9	2.8	-3.1	-0.3
Gross investments in non-current assets	1.0	2.2	0.1	3.3	0.1	3.4
Business acquisitions and other investments	-	-	-	-	-	-
Depreciation and amortisation	-1.7	-0.6	-0.3	-2.6	-0.5	-3.1
Impairment	-	-	-	-	-	-
Personnel, FTE	217	42	12	271	51	323

DISCONTINUED OPERATIONS

Discontinued operations include the Grain Trading business unit, which was classified as a discontinued operation in March 2022. On March 23, 2022, Apetit announced that it had agreed to sell Avena's domestic grain trading business and the grain warehouses and port operations located in Finland to Berner Ltd. The transaction was completed on May 31, 2022. Already on December 28, 2021, Apetit announced that its subsidiary Avena Nordic Grain had agreed to sell the Baltic operations of the Grain Trade business unit to the Scandagra Group, including the business of Avena's Estonian and Lithuanian companies. The transaction with Scandagra Group was completed in March 2022.

Result from discontinued operations

EUR million	1-6/2022	1-6/2021	1-12/2021
Income	64.0	76.2	164.5
Expenses	-61.4	-79.2	-167.4
Operating profit	2.6	-3.1	-3.0
Financial income and expense	-0.2	-0.3	-0.6
Profit before taxes	2.4	-3.4	-3.5
Income taxes	-0.4	0.5	0.6
Profit for the period, discontinued operations	2.0	-2.8	-2.9

Cash flow

EUR million	1-6/2022	1-6/2021	1-12/2021
Net cash from operating activities	6.1	10.9	6.0
Net cash used in investing activities	16.4	-0.1	-0.0
Net cash used in financing activities	-22.5	-10.8	-6.0
Net change in cash and cash equivalents	-	-	-

Consideration received

EUR million	1-6/2022
Cash received	16.8
Costs directly attributable to the sales of business and adjustments to consideration	-0.4
Carrying amount of net assets sold	-14.0
Gain on sale before income tax	2.3
Income tax expense	-0.5
Gain on sale after income tax	1.9

Carrying amount of net assets sold

EUR million	1-6/2022
Tangible assets	1.2
Inventories	13.1
Trade receivables and other receivables	-
Trade payables and other liabilities	-0.3
Net assets sold	14.0

Non-current assets and relating liabilities held for sale

EUR million	1-6/2022	1-6/2021	1-12/2021
Tangible assets	-	-	0.1
Non-current assets held for sale	-	-	0.1

GROUP KEY INDICATORS	1-6/2022	1-6/2021	1-12/2021
Shareholders' equity per share, EUR	14.68	14.48	14.95
Equity ratio, %	82.7	76.3	59.4
Net gearing, %	-4.8	3.1	26.6
Gross investments in non-current assets, EUR million	3.0	3.4	6.6
Personnel, FTE	300	323	337
Average adjusted number of shares	6,239,580	6,231,013	6,234,286

The formulas for the key indicators are presented in the 2021 annual financial statements.

COLLATERAL, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER COMMITMENTS

EUR million	30.6.2022	30.6.2021	31.12.2021
Pledges given for debts			
Guarantees	2.2	2.2	2.2
Binding agreements not recognised in the balance sheet			
Within one year	1.8	1.2	1.5
After one year but not more than five years	3.0	2.2	2.9
Total	4.8	3.4	4.4
Nominal values of derivative instruments			
Commodity derivatives	20.1	29.2	75.7
Interest rate swaps, no cash flow hedge accounting	10.0	11.0	10.5
Investment commitments			
Food Solutions	1.9	2.4	2.5
Oilseed products	0.2	-	0.5
Group Functions	-	0.9	-

CHANGES IN TANGIBLE ASSETS

EUR million	1-6/2022	1-6/2021	1-12/2021
Book value at the beginning of the period	41.3	40.7	40.7
Additions	3.2	3.6	7.5
Disposals	-2.0	0.0	-1.2
Reclassifications	-	0.0	0.0
Depreciation, amortisation and impairment	-2.9	-2.7	-5.7
Other changes	0.3	-0.3	-0.1
Book value at the end of the period	39.9	41.3	41.3

Tangible assets include right-of-use items in accordance with IFRS16

RELATED PARTY TRANSACTIONS

EUR million	1-6/2022	1-6/2021	1-12/2021
Sales to associated companies	0.1	0.6	0.5
Purchases from associated companies	1.1	3.5	3.2
Trade receivables and other receivables from associated companies	0.0	0.1	0.0
Trade payables and other liabilities to associated companies	0.4	0.7	0.8

Helsinki, 17 August 2022

APETIT PLC

Board of Directors